

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



July 25, 2008

Mr. Barry Foster, Economic Development Director
Neighborhood Preservation Division
City of Moreno Valley
12177 Frederick Street
Moreno Valley, CA 92552-0805

Dear Mr. Foster:

RE: Review of the City of Moreno Valley's Draft Housing Element Update

Thank you for submitting the City of Moreno Valley's draft housing element update received for review on May 29, 2008. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). The review was facilitated by a July 1, 2008 telephone conversation with Mr. Mitch Slagerman, Redevelopment Manager, and Ms. Gretel Noble, Management Analyst.

The Department recognizes Moreno Valley's extensive public participation and outreach efforts as described on pages IX through 5. While the draft element addresses some of the statutory requirements, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include detailed analyses of identified sites, rezone strategies, and specific program actions to improve infrastructure (water) delivery services in the Box Springs service area. The Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assist Moreno Valley in addressing the statutory requirements of housing element law. If you have any questions or would like to schedule a meeting in Moreno Valley or Sacramento, please contact Don Thomas, of our staff, at (916) 445-5854.

Sincerely,


Cathy E. Creswell
Deputy Director

Enclosure

APPENDIX

CITY OF MORENO VALLEY

The following changes would bring the City of Moreno Valley's draft housing element into compliance with Article 10.6 of the Government Code. The pertinent Government Code Section is cited for each recommended change.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, please refer to the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* at www.hcd.ca.gov/hpd/housing_element/index.html, the Department's publication, *Housing Element Questions and Answers (Qs & As)*, and the Government Code addressing State housing element law.

A. Housing Needs, Resources, and Constraints

1. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households (Section 65583(a)(1)).*

Extremely Low-Income: The element describes the number of extremely low-income (ELI) households (page 14). However, pursuant to Chapter 891, Statutes of 2006, the element must also quantify the projected ELI households and analyze their housing needs. The element may either use available Census Data to calculate the number of extremely low-income households, or presume 50 percent of the very low-income households qualify as extremely low-income households. This analysis is essential to formulating policies and programs to assist in the development of housing for extremely low-income households. To assist the analysis, see the enclosed sample analysis from the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element/screen06_hn.pdf.

2. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

Moreno Valley has a regional housing need of 7,474 housing units, of which 3,045 units are designated for lower-income households. The City is relying on a combination of existing and underutilized sites, an approved specific plan area, and a significant rezone program to accommodate the City's share of the regional housing need. However, to demonstrate the adequacy of the identified sites the element must include detailed analyses, as follows:

Zoning to Encourage and Facilitate Housing for Lower-Income Households: According to the draft element, sites allowing densities as low as 8 dwelling units per acre are appropriate to accommodate the housing needs of lower income households (page 39). However, the element must include an analysis of the appropriateness of the zoning and allowed densities based on factors such as market demand, trends, financial feasibility and development experience within zones. The element should also identify and analyze the applicable residential development standards appropriate to encourage and facilitate the development of housing for lower-income households.

Pursuant to Government Code Section 65583.2(c)(3)(B), this analysis is not required for communities with densities that meet specific standards (at least 30 units per acre for Moreno Valley).

Small Sites and Lot Consolidation Opportunities: The two R-20 and several other medium and lower density zoned sites listed in Attachment 2 (vacant sites) are less than a half acre in size. As a result, the element must include an analysis of smaller sites that demonstrates their feasibility and potential for residential development capacity in the planning period, including the potential for lot consolidation. The element could evaluate development trends to facilitate this analysis. This is particularly important given the dependence on small sites to accommodate the City's share of the regional housing need allocation (RHNA) for lower-income households and the necessary economies of scale to facilitate development of housing affordable to lower-income households. For example, assisted housing developments utilizing State or federal financial resources typically include at least 50 to 80 units.

Realistic Capacity: The element must describe the methodology for determining the capacity of sites in the inventory. The analysis must adjust the calculation to account for land-use controls and site improvements and the extent to which non-residential uses are allowed (i.e., commercial). Table 8-19 indicates half of the available underutilized sites will be built out at 80 percent of the maximum density, and capacity of Calculation Areas 2, 3 and 4 (proposes rezone sites) is based on 30 dwelling units per acre. However, the element does not explain the methodology used in determining the projected unit count as described in the table.

Moreno Highlands Specific Plan (SP): According to the element, this specific plan contains land that can accommodate the development of 388 units affordable to lower-income households. To demonstrate the specific plan area can provide realistic opportunities for the development of housing affordable to lower-income households during this planning period, the element should be expanded to include a description of the allowed density (minimum and maximum), number of available parcels, parcel size, environmental characteristics, and general location (especially in relation to existing services and facilities).

Infrastructure: The element indicates that sites with the "BSMWC" (Box Spring Mutual Water Company) notation, do not have sufficient water infrastructure "to support development at any level" (page 40). Yet, many of the sites listed in Land Inventory Attachments 2, 3, and 4 appear to be subject to this constraint. Therefore, the element should be expanded to clearly demonstrate that existing or planned water supply systems have (or will have) adequate capacity to serve all sites necessary to accommodate the City's share of the regional housing need within the planning period. While the element indicates (page 65) the City will complete an infrastructure assessment study and seek funding to make necessary improvements on approximately 400 acres in the Box Spring Service area (Objective 9.12 not listed), the element is absent a program action. Given the importance of removing this identified constraint, the program must commit Moreno Valley to addressing infrastructure shortfalls.

Sites with Zoning for a Variety of Housing Types: The housing element must demonstrate zoning that will encourage and facilitate a variety of housing types, including supportive housing, single-room occupancy units, emergency shelters, and transitional housing.

An adequate analysis should, at a minimum, identify whether and how zoning districts explicitly allow these uses, and analyze whether zoning, development standards and permit procedures encourage and facilitate these housing types. If the analysis does not demonstrate adequate zoning for these housing types, the element must include implementation actions to provide appropriate zoning.

Emergency Shelters: The element indicates emergency shelters are allowed in Commercial/Office and Industrial/Business Park zones, subject to a conditional use permit (CUP), and permitted by-right in the “Public” zone. While Attachment 10 lists the Industrial/BP zoned sites, no “Public” zoned sites are identified. To comply with recent amendments to housing element law (Chapter 633, Statutes of 2007 [SB 2]), the element must:

- identify at least one zone permitting emergency shelters without a CUP or other discretionary action;
- demonstrate the available “Public” zoned sites have sufficient capacity to accommodate the identified homeless need, and that the P zoned sites are appropriately located and will allow at least one year-round emergency shelter;
- demonstrate the City’s permit processing procedures and management standards to be objective and encourage and facilitate the development of or conversion to emergency shelters; and
- ensure the development and management standards are no more onerous than those that would apply to residential or commercial use within the same zone.

SB 2 does allow local governments to adopt written objective standards to be applied as specified in statute, including maximum number of beds, provision of onsite management, length of stay and security. For your assistance, see the Department’s memo on SB 2 at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

Single Room Occupancy (SRO): Pursuant to Chapter 891, Statutes of 2006, the element must identify zoning available for SROs and include an analysis to demonstrate development standards and permit procedures encourage and facilitate this housing type. An adequate analysis should, at minimum, identify whether the uses are explicitly allowed in zoning and analyze whether zoning, development standards, permit procedures and standard conditions of approval encourage and facilitate the development of SROs. If the analysis does not demonstrate adequate zoning for this housing type, the element must add or strengthen programs to provide appropriate zoning.

Supportive Housing: The element should be revised to indicate which zones will allow the development of supportive housing and demonstrate that zoning, development standards, and the permitting process encourage and facilitate supportive housing. Please note, however, supportive housing must be subject only to the same permitting processes as other housing in similar zones without undue special regulatory requirements.

Farmworker Housing: The element indicates that, at present, no farmworker housing units exist in the City. The element should be expanded to identify and analyze sites/zones and development standards that encourage and facilitate a variety of housing types for agricultural employees.

The element should also describe whether the City's zoning code explicitly complies with the provisions of Health and Safety Code 17021.5 and 17021.6.

3. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels and persons with disabilities, including fees and other exactions required of developers (Section 65583(a)(4)).*

Land-Use Controls: Several of the sites listed in Attachment 2 are identified with zoning designations that are not described or analyzed in the element's land-use controls section (Table H31). The element must be expanded to explain and define all zoning designations that allow residential uses and describe the applicable development standards and permitted and conditional residential uses allowed in each of these zones (e.g., H, LD, MD, ML MU, HR, RR). The element should also describe and analyze how implementation of the applicable development standards such as density, building setbacks, open space, height provisions, and parking, especially the three parking space requirement for large multifamily uses, for their potential impact on the cost and supply of housing and the ability to achieve maximum densities. Should the requisite analysis determine the City's land-use controls are impeding residential development, the element should describe efforts to mitigate and/or remove any identified constraints.

Housing for Persons with Disabilities: The element indicates that requests for reasonable accommodations are addressed through the implementation of the Development Code. The element also provides an overview of the administrative variance process (page 59-60). However, the element must also include a detailed discussion of the permit processing procedures for residential care facilities for seven or more persons and fully describe the City's definition of family. It appears the City does not have written reasonable accommodation procedures in place that describe zoning and land-use exceptions for housing for persons with disabilities. As a result, the element should be expanded to include a program that commits the City to preparing written procedures, and ensuring the City's current exception and appeal processes do not constrain the development of housing for persons with disabilities. Refer to the *Building Blocks'* website for sample analysis at http://www.hcd.ca.gov/hpd/housing_element/screen27_sb520.pdf.

On/Off-Site Improvements: The element does not address this requirement. It must describe and analyze specific on- and off-site improvements for residential development such as requirements for street widths, sidewalks, water and sewer connections and circulation improvements required for residential developments and assess their impact on the cost and supply of housing.

Fees and Exactions: The element provides a brief overview of development fees and concludes they are not constraints to the development of affordable housing. However the element should be expanded to include a listing and analysis of all development-related fees, including planning entitlement and any other residential development impact fees (e.g., schools, roadway/transit). For a sample analysis, see the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element/screen24_constraints.pdf.

4. *An analysis of opportunities for energy conservation with respect to residential development (Section 65583(a)(8)).*

The element provides (page 46) a very brief description of the City's efforts to address energy conservation through a variety of programs (e.g., providing subsidies for appliance replacement and home repair). The housing element provides an opportunity to adopt long term land-use and housing strategies to address climate change and energy conservation. The element should include policies and programs to meet both housing and energy conservation objectives. For example, programs could be included that commit the City to periodically analyzing current "green building" trends and best practices and provide a program of incentives that will facilitate and encourage the incorporation of materials and technology that promote the development of high-efficiency, sustainable buildings and neighborhoods. In addition the City should commit to developing and offering incentives that encourage the use of "green building" techniques and practices in new and existing residential development. These incentives could include expedited plan check, fee waivers, and technical assistance for projects that meet priority Green Building standards.

Additional information on potential policies and programs to address energy conservation are available in the *Building Blocks'* technical assistance tool at http://www.hcd.ca.gov/hpd/housing_element/screen12_conservation.pdf.

C. Housing Programs

1. *Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land-use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and State financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).*

As appropriate, programs must have specific completion dates where implementation requires specific steps to be taken. As a result, several of the listed program actions must be revised and strengthened to include specific actions, completion dates, and detailed descriptions of the City's role in implementation. In addition, to affect the desired result in a timely manner, some of the programs should be implemented earlier in the current planning period. Examples of programs that should be revised include, but are not limited to:

Program 8.4: According to the Review and Revise section of the element (page 82), the City's Mobilehome Grant program provided assistance to 73 owner-occupants. This certainly is a worthwhile program, and as a result the element should be expanded to describe how the City will continue to encourage preservation and maintenance of existing mobilehomes. For example, how will the City promote the availability of funds to owner-occupants. If promotional materials are needed, the element should indicate when the material will be available to the public.

Program 8.9: This is a new program. Therefore, the element should be expanded to describe the specific role the City will play in facilitating the formation of the property owner's associations and provide a definitive date for implementing this program.

Program 25 and 8.26: These energy conservation programs are also new to the element. Expand each program to include more definitive dates for adoption of the replacement roofing ordinance and Solar Initiative Program.

2. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobilehomes, and emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by-right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*

As noted in the finding A2, the sites inventory analysis does not demonstrate the adequacy of the identified sites, particularly those sites zoned at 8 dwelling units per acre, to accommodate the housing needs of lower-income households. As a result, the extent of the shortfall of adequate sites remains unclear. Based on the results of a complete sites inventory and analysis, the City may need to add or strengthen programs to address a shortfall of sites and zoning for a variety of housing types. In addition, the following programs must be added or strengthened:

Program 8.22 and 8.23 (Rezone): As proposed in the element from the prior planning period, increasing the supply of multifamily zoned land was a key strategy for addressing the City's share of the regional housing need for lower-income households. However, according to the review of past accomplishments, no rezones were completed (page 85).

The draft element acknowledges a shortfall of suitable and appropriately zoned sites to accommodate the City's share of the regional need for lower-income households. It is important to note the shortfall of sites could be greater depending on the results of the suitability of sites, especially those sites zoned for 8 dwelling units per acre. During the prior planning period the City was able to accommodate their share of the regional housing need through actual production. However, the successful implementation of **Programs 8.22 and 8.23** is critical to addressing the adequate sites requirement for the current planning period. Given no sites were rezoned in the last planning period (page 85), the City must be especially diligent this planning period to ensure the proposed upzones/rezones are initiated and completed as soon as possible. Further, these programs must be expanded to include a specific date (or phasing plan) for completing the rezones in Calculation areas 3, 4, and 5 (listed in Attachment 4). To affect the desired result of establishing additional residential development opportunities, the rezones should be completed within 2 years of the adoption of the housing element.

In addition, many of the identified rezone sites located in Calculation area 3 are smaller sites (half-acre or less). Given the reliance on these sites to accommodate its regional housing need for lower-income households, the element must be revised to include a specific program that commits the City to facilitating and incentivizing lot consolidation

by allowing deviations from residential development standards to more effectively encourage small lot residential development. A lot consolidation program action could also include a marketing/promotion component geared towards the development community. Outreach efforts could include the posting of sites on the City's web site and identifying available financial resources.

Programs 8.20 and 8.21 (Infrastructure Improvements): As identified in the element, future development of many of the identified sites is constrained due to a deficient water delivery system within the Box Spring Mutual Water Company service area which, according to the element, cannot support development at any level. Due to the importance of providing viable and realistic residential development opportunities and increased unit capacity, the element must include a more definitive target date for completing the infrastructure studies and developing an implementation plan for ensuring that all sites necessary to accommodate the City's share of the regional housing need will have access of adequate public water service within the planning period.

Further, adequate funding is critical to ensuring the infrastructure improvements are completed. As a result, Program 8.21 must include more specifics about which funds the City will be pursuing and provide a schedule committing the City to apply for funds.

Emergency Shelters: As noted under finding A2, the element must include a program to amend the City's zoning and land-use requirements to be consistent with the provisions of SB 2, including identifying at least one zone permitting emergency shelters without a CUP or other discretionary action and demonstrate the available and appropriately zoned sites have sufficient capacity to accommodate the identified homeless need.

Farmworker Housing: As indicated in the element, no farmworker housing exists in Moreno Valley, yet the surrounding area is home to a fairly extensive agricultural industry (page 32). Therefore, the element must include a program that commits the City to identifying appropriately zoned and located sites. As part of the site identification process, the City could collaborate with agricultural employers and farmworker housing advocates in selecting appropriately zoned and suitable sites. To further assist in the development of farmworker housing, the element could also commit the City to pursuing funding sources and indicate how it will promote the availability of funds to the developers of housing for farmworkers.

3. *The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

As noted in finding B4, the element requires a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to strengthen or add programs and address and remove or mitigate any identified constraints.

Housing for Persons with Disabilities: The element describes the City's administrative variance process and other steps it employs to remove undue regulatory barriers and provide reasonable accommodation to persons with disabilities (pages 59-61). Further, the element states that Moreno Valley is a leader in the Inland Empire in assisting the development of housing for persons with disabilities by providing funding and partnering

with other support service agencies. However, the element should be expanded to include a program that commits the City to preparing and adopting written reasonable accommodation policies and procedures early within the planning period.

4. *Assist in the development of adequate housing to meet the needs of extremely low-, very low-, low-, and moderate-income households (Section 65583(c)(2)).*

Program 8.12: Expand to describe the specific role the City will play in working with the RDA to facilitate the development of the targeted affordable rental units.

Program 8.13: Describe the basic implementation criteria and anticipated funding sources, and indicate how the City will promote the availability of funds to large family households in the community.

Program 8.18: Expand this program to describe the specific role the City will play in facilitating the development of the targeted affordable units, including a description of the funding sources the City will utilize to assist in the development of rental housing for homeless adults.

Program 8.24: Expand this program to describe the specific role the City will play in facilitating the development of the targeted affordable units, including a description of the development incentives the City will offer to encourage and facilitate development.

E. General Plan Consistency

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals (Section 65583(c)(7)).

The element did not address this requirement. The element must describe how consistency will be achieved and maintained during the planning period. The element could include a program to conduct an internal consistency review as part of its annual general plan implementation report required under Government Code Section 65400. This annual report can also assist future updates of the housing element.

F. Redevelopment Funds

Describe the amount and uses of funds in the redevelopment agency's Low and Moderate Income Housing Fund (LMIHF) (Section 65583(c)).

The element identifies (Attachment 1 [map]) the existence of a non-contiguous redevelopment project area and briefly mentions (page 43) the City's use of redevelopment set-aside funds. However, the element must be expanded to identify the amount of the LMIHF expected to accrue throughout the planning period. Also, given the number of programs that list the LMIHF and the City's primary reliance on these funds, the element should also demonstrate the adequacy of this funding resource. Refer to the *Building Blocks'* website for guidance at http://www.hcd.ca.gov/hpd/housing_element/Screen29c_other.pdf.